

## Brief Preview of Utah Revenue and Expenditure Issues

### Key Economic Indicators That Will Affect General Fund/School Fund Revenue Estimates:

- **Employment growth** - likely to be 20,000 fewer jobs in 2009 than there were in 2008 – projected growth in employment going from 4.0 percent in 2007 to a negative 1.5 percent in 2009 – projected growth in wages decreasing from 9.7 percent in 2007 to 0.1 percent in 2009.
- **Corporate profits** – manufacturing, financial activity, and retail are the three most important sectors for corporate profits – corporate profits decreasing by 13.9 percent in 2008.
- **Taxable retail sales and new auto sales** - taxable retail sales decreasing from a growth rate of 7.8 percent in 2007 to a negative 1.6 percent in 2009 – new auto and truck sales decreasing from 115,200 in 2007 down to 85,600 in 2009 – construction and housing market-related expenditures are down.
- **Construction industry activity** – with the 2009 projection included, *permitted construction activity* may be down about 65 percent from its peak – employment in the construction industry may be down by 35,000 jobs.
- **Services** – employment in financial activity and business and professional services is likely to contract due to a lack of demand.
- **Financial activity** – mortgage rates are still high compared to the past few years – the *value of residential homes changing hands* went from \$1.6 billion in 2002 to \$12.0 billion in 2007 – the *value of residential homes changing hands* is falling rapidly.

### General Fund/School Fund Expenditure Issues:

- **\$75 million** was cut from the Public Education budget and then *backfilled* or covered with one-time funding for FY09. The one-time backfill will go away for FY10.
- **Up to \$90 million** is currently estimated for Public Education K-12 enrollment growth (includes student growth for 13,500 children, charter school growth, and leeway growth).
- **\$60 million** (\$30 million for state agencies and \$30 million for Public Education) to cover a currently estimated 10 percent increase in the state's cost for health insurance.
- **\$34 million in FY10 and \$15 million in FY09** was estimated and initially requested for Medicaid caseload growth.
- **\$9 million** was estimated and initially requested for other mandatory-like items in Human Services such as foster care and subsidized adoption caseload increases and mandated additional needs for individuals with disabilities already receiving services.

Note: *the above points contain general, not refined numbers intended to give only a broad idea of the current state budget environment in Utah*